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PROGRESS REPORT ON THE MANAGEMENT EXCELLENCE PROGRAMME IN UNICEF

SUMMARY

The present report responds to Executive Board decision 1995/25 (E/ICEF/1995/9/Rev.1), adopted at the third regular session in September 1995, in which the secretariat was requested to provide the Board with regular updates on progress made in the follow-up to the management review exercise.

Following a brief introduction, chapter I focuses on progress made since the last report to the Executive Board (E/ICEF/1996/AB/L.6), including examples of office-level initiatives as well as activities concerning the integrated budget, the Programme Manager System and staff advisory councils that have an impact at the global level. Chapter II details the convergence of management excellence recommendations and their linkages to the Booz•Allen & Hamilton study, including the following areas: the changing environment; proposals on structure; work processes and systems; and human resources. Chapter III reports on the next steps to be taken by the UNICEF secretariat in the Management Excellence Programme. A timetable for management excellence recommendations is contained in the annex.

* E/ICEF/1996/13.

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INTRODUCTION

1. From its beginnings as a programme driven mainly by special Management Excellence Programme (MEP) project teams formed around the issues raised by the Booz•Allen & Hamilton study, MEP is rapidly becoming an organization-wide effort as increasing numbers of staff and UNICEF offices worldwide engage in activities at the local level to improve work processes.

I. PROGRESS SINCE THE LAST REPORT TO THE EXECUTIVE BOARD

A. Office-level initiatives

2. As the complex process of reviewing organizational structures and systems continues, many immediate qualitative improvements already have taken place as a result of office-level initiatives for improvements based on follow-up to audit observations and staff assessments of office performance.

3. Several UNICEF offices have developed and are implementing office improvement plans; current work processes and planning are under scrutiny; and issues such as "value for money", improved inter-office communication, the fair and consistent application of personnel policies, and staff development have taken on new importance. The results of these efforts are being assessed and standard guidelines are being prepared on the development, implementation and monitoring of office improvement plans. Some examples of office-initiated improvements are detailed below.

4. The Americas and Caribbean region has developed a plan for strengthening management competencies within the region through a series of workshops, research projects and coaching of staff. It begins with an assessment of the management culture of each office. Office teams are trained to redesign work processes and build managerial skills. Management improvement strategies are then developed, including indicators to evaluate impact. This process has been initiated in the Ecuador, Colombia, Mexico and Venezuela offices and is planned for UNICEF Brazil and Cuba.

5. UNICEF Bangladesh created a small task force to make recommendations on the optimal country office structure to meet the challenges of the current country programme. This process has led to a significant restructuring of the way the Bangladesh field offices and country office operate and to an improvement in the way UNICEF staff members work together, based on the Guiding Principles for Staff Commitment and Conduct. A new office structure was derived from redesigned work processes, greater delegation, the elimination of duplication in many work processes and the organization of work around skills and functions rather than through the maintenance of the artificial distinction between the programme and operational support sections.

6. The East Asia and Pacific Regional Office has begun to build a regional management team (RMT) and to improve the role of the regional office in supporting country programme preparation and review. An RMT has been formed on an experimental basis consisting of the Regional Director and representatives. Jointly, the representatives have provided input into the development of the 1996 regional office work plan, especially on proposals for support in the areas of programme, administration, finance, supply and human resources. This implies

a shift in the way regional planning takes place by creating a participatory process in which senior managers take responsibility for planning priorities and allocating resources to benefit the region as a whole.

7. UNICEF Guinea has taken steps to improve programme effectiveness, promote "value for money" awareness and improve human resources management. A staff retreat held in January included a field visit for all staff to UNICEF-supported projects, discussions of critical issues related to programme and office management, and established improvement objectives for the 1996 work plan. Several concrete recommendations were implemented immediately or are being tested to create a more harmonious and motivating work environment, cost-effectiveness and improved human resources management. African proverbs that embody the UNICEF Guiding Principles have been used to animate discussions with staff, providing a local perspective to the discussion on applying the principles in the office.

8. Six multisectoral teams were established in the Indonesia office to recommend improved management practices in individual and team performance appraisal, staff motivation, increased cost-efficiency, developing an ongoing situation analysis of children and women, and focusing UNICEF support more effectively on poverty alleviation.

9. The Morocco office improvement plan is focusing on improving cost-effectiveness, better resource sharing within the region, working in more integrated and cross-functional ways through teams, reviewing job descriptions and improving inter-office communications.

10. A Management Reform Team has been established at the UNICEF Namibia office to be responsible for management excellence activities. The team has developed an office action plan for improving management practices which focuses on human resources, programme coordination, information sharing and management training. This process already has resulted in increased staff participation and better communication among work units in implementing efforts aimed at office improvement. This has resulted in enhanced staff morale.

11. At UNICEF Rwanda, a representative 16-member Management Council met from 4-6 March to debate issues such as management style, measuring performance, strengthening internal controls, working in teams and improving communication. The Council drafted terms of reference for a long-term office improvement plan that will include the development of a new country programme management plan, work planning, training and capacity-building for strengthening internal controls. Intensive training exercises in work process improvement and "people skills" were held in March and April.

12. UNICEF Tunis has created cross-functional teams to review a number of work processes related to human resources management. Reports from the teams were discussed office-wide in April, and an office improvement plan was formulated for staff development, communication, team building, individual and team performance assessment, and strengthening capacities for human resources management. Staff development activities currently are taking place, including the upgrading of language and computer skills, the use of electronic mail and financial monitoring of projects.

13. In Viet Nam, the country office has created a Staff Advisory Council to review and recommend improvements in (a) programme delivery, situation analysis and policy advice to the Government; (b) the sustainability of the mid-decade goals; (c) efforts to build partnerships with civil society; and (d) internal cost-effectiveness. With support from the regional personnel officer, the Council audited the staff structure for the purpose of recommending a more rational use of staff, the grades of posts and the suitability of job descriptions. The office already has had the new Guiding Principles printed on the back of all staff identification cards.

14. Improvements to management practices have been included in the UNICEF Zaire 1996 work plan, including a human resources management review, an office improvement plan, experimentation with peer and supervisor assessment, a mid-year team self-assessment exercise and a comprehensive analysis of programme management at the subnational level which will have a direct bearing on how UNICEF deploys and manages human resources throughout Zaire. Mechanisms have been put in place to provide more opportunities for cross-functional teamwork, including increased networking between countries in the region. UNICEF Zaire and UNICEF Congo health staff already have benefited from sharing knowledge and expertise, and programmatic strategies, particularly for children in especially difficult circumstances, are developed on an intercountry basis with Rwanda and Burundi.

15. In addition to the above-mentioned sample office-level initiatives, several important MEP activities already are having an impact at the global level, as described below.

B. Integrated budget

Background

16. The Booz•Allen & Hamilton (BAH) study recommended the integration of programme and administrative budgets in country offices as well as the integration of the global funds and administrative budgets for headquarters and regional offices.

17. More specifically, BAH recommended that country offices include both programme and administrative expenditures in one budget; develop coordinated programme and administrative plans; and prepare the budget on the same cycle as the country programme in order to present a comprehensive view of country office budget proposals to the Executive Board for review. For headquarters and regional offices, BAH pointed out that the use of global funds clouded transparency since budgeting and reporting for global funds is done independently from the administrative and programme support budget process. BAH recommended that for each headquarters division and each region, amounts allocated from the administrative, programme support and global funds budgets should be itemized separately.

Action

18. Considerable follow-up action to the BAH recommendations has taken place. In response to Executive Board decision 1995/30 (E/ICEF/1995/9/Rev.1), an integrated budget for headquarters and regional offices (E/ICEF/1996/AB/L.5) was submitted to the Executive Board at its second regular session in April 1996.

The budget incorporated the budgets of the previous administrative and programme support budget, the global funds budget and the posts previously funded under the 6 per cent recovery provision. Thus, for the first time, an integrated budget has been prepared for headquarters and regional offices.

19. Following this recommendation, the secretariat has taken steps to review country programme recommendations (CPRs) being submitted to the Executive Board in 1997 in an integrated budget format. This means that in addition to the levels of programme assistance proposed, the complementary structures of programme support, management and administration are being examined and planned as a constituent part of the country programme. This is the first time that a link is being established formally between the country programme budget and the administrative and programme support budgets for the full period of the country programme cycle. Further in-house discussions are taking place on the refinement of the process, and informal consultations will be held with Executive Board members later this year.

C. Programme Manager System

20. A roll-out plan has been established for the new Programme Manager System (PROMS), enabling it to be launched in several field offices by the end of 1996 and installed in the majority of UNICEF offices by the end of 1997. Regional teams have analysed current hardware and staff capacities and requirements and have prepared regional plans to build capacity for the introduction of PROMS in all offices. The capacity gap was found to be manageable within the existing resource framework, although special attention may need to be paid to Africa. PROMS will be part of the new central financial system and also will be linked to the recommended global supply database to provide the basis for organizational monitoring of resource use and programme implementation.

D. Staff advisory councils

21. Staff consultation and participation continue to be a major strength in implementing MEP, and the staff advisory councils have broadened considerably their impact on the programme as a whole, and in particular on project team recommendations. As the forum where the work of all regional councils converges, the Global Advisory Council has begun to develop mechanisms for monitoring the application of the Guiding Principles for Staff Commitment and Conduct and is working with the human resources group on finding ways to bring the Guiding Principles to life in the daily work practices of UNICEF staff and office teams.

22. The regional and headquarters advisory councils have engaged UNICEF staff worldwide in discussions on how to improve operating practices by strengthening systems and adopting new behaviour to reflect the Guiding Principles for Commitments and Conduct. The councils also have an essential monitoring role in these efforts. Staff advisory councils have been testing project team recommendations by reviewing the preliminary proposals and providing detailed comments for guidance. For example, six of the seven regional advisory councils met during March-April to review proposals for a new macro-structure and to discuss proposals for staff deployment and a new human resources strategy. Many of the councils have developed comprehensive work plans for activities to be undertaken in the next 12 months to promote MEP and have formed strong alliances with regional directors, the regional planning and management teams, and staff associations.

II. CONVERGENCE OF MANAGEMENT EXCELLENCE RECOMMENDATIONS AND THEIR LINKAGES TO THE BOOZ•ALLEN & HAMILTON STUDY

23. As reported in the "Progress report on the management excellence programme in UNICEF" (E/ICEF/1996/AB/L.6), submitted to the Executive Board at its second regular session in April 1996, the Structure of Accountability Phase I project team presented its initial recommendations to the MEP Steering Committee on 22-25 January 1996. The principles which guided their efforts to design a new macro-structure for UNICEF were outlined in the progress report, as was a summary of the direction of their proposals. The Executive Director then appointed a small working group (the Transition Team) to review the proposals on structure and to test their validity, especially in terms of their potential for improving oversight and accountability, ensuring decentralization, clarifying the role of headquarters and regional offices, and fostering teamwork as a strategy for greater participation and effectiveness.

24. As was also reported in the progress report, the project teams working on relations with the United Nations system and intergovernmental and non-governmental organizations (NGOs) and on relations with National Committees presented their findings and recommendations to the Steering Committee. The findings of those teams, as well as those of the Communication project team, were discussed with the Transition Team dealing with structure and incorporated into the recommendations made to the MEP Steering Committee when it met on 13 and 15 April on a redesigned macro-structure of accountability for UNICEF.

25. At the present time, all of the project teams that were designated to complete recommendations affecting organizational structure - Structure of Accountability Phase I, Relations with National Committees, Relations with the United Nations System and Intergovernmental and Non-governmental Organizations, and Communications - have now completed their work. The secretariat is ready to move ahead - with a broad consensus on the principles and direction of MEP - to consult with the Executive Board for further guidance.

A. The changing environment

26. There has been a remarkable convergence among the findings of the MEP project teams in terms of the challenges UNICEF will face in the future. The environment in which UNICEF can expect to operate in the next decade is characterized by rapid change, economic globalization, growing urbanization, weakening ability of Governments to guarantee the availability of social services, an increasing gap between the rich and the poor, and shrinking overseas development assistance. UNICEF must strengthen its ability to act flexibly, to continuously monitor the impact of the changing environment on children and to modify its policies and strategies accordingly.

27. The UNICEF of the twenty-first century will need to maintain increasingly complex partnerships with national Governments, local governments, civil society, the private sector and non-governmental grass-roots organizations. The implications are that UNICEF will need to manage diversity within an environment of increasing globalization. One of the organization's greatest assets will be its knowledge and capacity to influence new thinking on children's issues worldwide, as well as its ability to take action to demonstrate the validity of these ideas. UNICEF already is called upon increasingly to be the "voice" of children, especially as the implementation of the Convention on the Rights of the Child gains momentum.

28. The organization also will need to understand and respond to shifts in development cooperation and, as various national economies expand - especially countries in transition and middle-income countries - to new opportunities to mobilize resources for children have to be explored.

29. In the context of organizational change in UNICEF, the emerging consensus is that initial priority should be given to strengthening and renewing key operating systems for managing programmes, people and funds; revising major work processes; and investing in staff development to bring about the behavioural changes that working in new ways will require. This reconfirms the priorities identified by BAH for improved programme processes and monitoring, cost-effectiveness and accountability. BAH recommended that accountability should be seen as more than a mere transaction, highlighting the need to transform the management culture in UNICEF to one in which authority is clearly delegated and each staff member knows what he or she is accountable for.

30. The findings of the project teams and preliminary indications from the systems studies call for a phased decentralization of functions and decision-making authority to country offices, which would clarify accountability and reinforce country programmes as the central strength of the organization. For this reason, structural changes should be driven by the imperative of making UNICEF operate more effectively at the field level, with the first priority to the establishment of the prerequisite standards, systems, competencies, skills and values.

31. At the last meeting of the Management Excellence Steering Committee (13 and 15 April), consensus was reached on the principles and directions of the new UNICEF structure, as described below, which respond to both the UNICEF Mission and the Guiding Principles for Commitment and Conduct.

B. Proposals on structure

Relationships between country and regional offices and headquarters

32. The Steering Committee supported the concept of a decentralized structure, with the country programme at its core, and with clearly defined roles for headquarters and regional offices, which would add value and not duplicate the front-line work of country offices.

33. The diversity among countries and regions, together with the decentralized nature of UNICEF, give regional offices special significance within a UNICEF organizational system. Regional offices will be accountable for monitoring the performance of country offices and taking action if performance falls below acceptable norms. The regional office, with the RMT, would define the priorities of the region, adapting global goals to regional and country realities. The regional director, with the RMT, would assume responsibility for support to the development of country programmes and for clearance of CPRs for submission to the Executive Board. The RMT also would contribute the regional perspective to the global processes of policy development and strategic planning.

34. It also is recommended that the heads of all offices managing country programmes should be designated as representatives, without necessarily changing

the level of the existing posts for heads of offices now called sub-offices. Such offices, with low general resources ceilings, would continue to share services with other larger offices in the area in order to make maximum use of available resources. It also was agreed that representatives would report to regional directors, thereby increasing accountability and oversight as well as establishing a more manageable and realistic span of supervision.

35. These recommendations reinforce those made by the BAH study, specifically on the need for a clearly defined role for regional offices, closer supervision of country representatives, and a more timely and less cumbersome country programme planning and preparation process.

36. The Steering Committee clarified the role of headquarters to provide overall policy guidance that reflects linkages to the United Nations system and the guidance of the Executive Board, with responsibility for strategic planning for the whole organization, including the allocation of financial resources, human resources planning and oversight of the UNICEF system as a whole. Headquarters also should provide leadership in managing and integrating the global perspective in all aspects of its work, including strategic planning, policy development, guidelines for management and quality assurance.

37. BAH found that the impact of UNICEF around the world would not be possible without a powerful and effective programme capability. The Steering Committee agreed that the programme functions carried out in New York would need to be organized so that they focus on providing leadership and state-of-the-art knowledge on the main areas of UNICEF work. The New York programme group also should guide programme policy formulation and strategies, and gather and share lessons learned globally from both UNICEF and external experiences.

38. As recommended by BAH, this more strategic approach to the work carried out in New York would maintain the operational focus at the country level and concentrate the activities of headquarters technical advisers more appropriately on building and managing the knowledge of the organization and guiding the application of policies.

Creation of management teams

39. The Steering Committee recommended that management teams should be established at global, regional and country locations as necessary mechanisms for integrating the various offices or functional units of the organization. They would advise on future strategies, guide the setting of priorities, discuss policy issues that require the attention of the Executive Board and advise on major issues related to the allocation of human and financial resources. The management teams also would monitor organizational performance against standards for assuring quality.

40. While the exact composition of the management teams has yet to be defined, it was recommended that country management teams should be comprised of the representative, senior staff in the country and staff representatives. RMTs should include the regional director, country representatives and National Committees, with staff representatives. These management teams would be the integrating structures set up in the field. The UNICEF system as a whole would be managed by the Global Management Team, comprised of the Executive Director, deputies, regional directors and New York department directors, with staff representation.

41. The concept of management teams would contribute significantly to addressing the BAH recommendation for a more collaborative process for defining the priorities of the organization on an ongoing basis that take diversity into account.

National Committees as part of the UNICEF system

42. It is proposed that National Committees should be seen as integral parts of the UNICEF system, albeit with more autonomy than UNICEF field offices owing to the fact that they are NGOs constituted in accordance with the laws of their countries.

43. BAH recommended that UNICEF manage National Committees more proactively, with clear accountabilities for the expected outcomes, standards and performance. As such, it is proposed that in moving towards decentralization within strategies that are regionally appropriate, National Committees should become integral parts of the UNICEF regions in which they are located and should participate as members of the UNICEF RMT on the same terms as other country offices. This will create opportunities for increased cooperation on the setting of both regional and global strategies and priorities, policy development, and monitoring and assessment of organizational performance against quality standards. It is proposed that UNICEF, together with National Committees, develop key performance indicators for fund-raising, advocacy and management of National Committees for use in assessing performance. It also is proposed that the audit content of independent national audits of National Committees should be further defined to allow comparative assessments between National Committees. Issues that are of concern exclusively to National Committees would be addressed through the formation of flexible teams. The criteria for establishing a National Committee and the process of application for National Committee status have been clarified. It is proposed that an additional type of country presence be created called a Self-financed Office, which has some similarities to National Committees and some similarities to traditional UNICEF offices.

Managing change

44. The Steering Committee agreed that the organization needed a Change Management Group to continue to monitor progress in implementing the decisions resulting from the MEP, especially given that changes will need to be phased in over a period of two to three years. It was recommended that both a Change Management Unit and a secretariat for the Global Management Team be established in the Executive Office. The Change Management Unit is being proposed to continue the work of the current Management Excellence Task Force after 1996.

Assuring high-quality performance

45. Given BAH recommendations for enhanced organizational capacities for oversight and the high priority set by the MEP Steering Committee on setting quality assurance standards in all aspects of UNICEF work and the establishment of mechanisms to monitor and assess them, it was proposed to establish a Quality Assurance Group to begin work in this area. This group would function in a way that would enable UNICEF to draw upon the knowledge and experience available at all levels of the organization.

A communication department

46. In the area of information and communication, BAH recommended that UNICEF develop an integrated communication strategy based on the UNICEF mission and goals. As a result of both the recommendations of the BAH study and the work of the MEP Communication project team, several changes have already taken place. BAH found that communication groups in UNICEF are too fragmented. As part of the BAH follow-up, the Programme Publications and Facts for Life Units have now been incorporated within the Division of Information, now known as the Communication Department.

47. BAH recommended that UNICEF apply cost-effectiveness criteria to media and editorial spending decisions and improve monitoring of funds and production costs. A working group, led by one of the Deputy Executive Directors, undertook a comprehensive examination of UNICEF processes for reviewing publications and cost-effectiveness issues. The results of this exercise were reflected in the 1996/1997 budget for publications. In addition, actions are currently being undertaken to create a Publications Review Committee.

48. BAH recommended that UNICEF develop specific communication action plans by audience segment and review external relations activities of National Committees. The Division of Information has since undertaken opinion/market research projects with National Committees and is developing proposals for an enhanced audience research function, including methodologies for assessing the impact of information activities.

C. Work processes and systems

Team work

49. The Steering Committee confirmed that teams are the preferred working mode of UNICEF for all work processes and are accountable as a team for their work, with each member equally accountable for the end results. Developing teams, both within work units and, when appropriate, across functional areas, is to become a key strategy for managing people and accomplishing tasks in the future.

Programme Manager System

50. PROMS is an integrated computer system designed to support the operational functions of field offices and provide UNICEF with a comprehensive and transparent Management Information System. PROMS will form part of the new central financial system and will be linked with the recommended global supply database to provide the basis for organizational monitoring on the use of resources and programme implementation.

51. The BAH study recommended that PROMS be reviewed in terms of scope, costs and senior management time. A review has since been completed, a new project leader and team have been put in place, the scope has been redefined, budgets have been revised and development and implementation are under way.

52. As part of BAH follow-up, PROMS has been designed to (a) strengthen workplanning and financial management; (b) streamline the requisition process for programme and project inputs; (c) reduce duplication of work; (d) improve the quality of programme monitoring and reporting; (e) accelerate the

procurement process; and (f) reduce delays in the reconciliation of accounts between New York and country offices. The system also is designed to enforce the applications of rules, regulations and standards.

53. The PROMS project team works with smaller groups of UNICEF staff to cover all the major "users" of the system. The PROMS field team, with members from field offices covering all the functional areas in UNICEF and a variety of office types, has defined the requirements and carried out the initial testing of the system.

54. Regional teams have been established to prepare for implementation of the system in each region. Analysts and developers from within the Office of Information Resources Management (IRM) have been mandated to build the system. A Steering Committee, chaired by a Deputy Executive Director, provides leadership and guidance to the overall process.

55. The work plan for systems development and "roll-out" plan for PROMS have been established. The budget was approved at the April 1996 session of the Executive Board as part of the integrated budget for headquarters and regional offices.

56. The roll-out strategy begins with one office per region to field test PROMS. Test offices will install the system at the end of 1996. By April 1997, four additional offices per region will visit test offices to learn how to run the system before installing it in their own offices. This "cascade" approach will be continued until the end of 1997 when all offices will be using PROMS. As it will not be cost-effective for smaller sub-offices performing less than 100 transactions per month to use PROMS, these offices would do manual transactions for entry by the national office. UNICEF offices are being requested to select a PROMS focal point and to prepare an office readiness plan.

57. An intensive advocacy and training programme is being developed, focusing on how to use PROMS and the key concepts of workplanning, financial management and resource use monitoring (self-assessment). A special initiative to produce all current policies, rules and regulations on-line for PROMS users is under way, with CD-Rom versions to be available to all offices by the end of 1996.

External consultancies on financial management, information resources management and supply systems

58. Although the information technology study is the only external consultancy which has delivered its recommendations to date, already there are many areas of convergence emerging between the three studies. Each study points to the need for enhanced organizational capacity for information, resources and decision-making authority to be brought closer to the point of action or delivery of service. The results of the studies of all three systems will be assessed in an integrated manner to ensure that follow-up actions taken contribute to maximizing programme effectiveness and accountability.

Financial management systems

59. Recommendations from the financial management systems study are due at the end of June 1996. The consultants have conducted interviews with users of financial systems in many field offices, Copenhagen, Geneva and Greeting Card

and related Operations (GCO). Further interviews and workshops are planned to define further the user requirements for a new central financial system. Recommendations are currently being made on ways to improve, simplify and streamline basic business processes, highlighting actions that can be taken before a new system is implemented. The consultants have prepared draft requirements for the new finance system which are currently being validated in a series of interdivisional meetings.

60. Preliminary recommendations from the financial management systems study call for a central system for monitoring all financial transactions that can be used by any location to assess resource availability and other financial trends. This central system would function as a "general ledger" which receives financial data from field offices through PROMS. The financial management systems study will address BAH recommendations to (a) build transparency into the UNICEF value system and process design; (b) identify clear accountabilities for financial management functions and actions; (c) develop a more analytical budgeting process; (d) build field capabilities to handle transaction processing and monitoring; and (e) improve organizational capacities to enforce policies regarding reporting on the use of cash assistance.

61. As recommended by BAH, the financial study will be proposing a new financial system which will support integrated budgets, provide greater transparency in financial reporting, make financial closures simpler and quicker, and provide up-to-date information for management decisions throughout UNICEF. As part of BAH follow-up, the finance study also will recommend an overall integrated financial model or architecture for headquarters and field office systems, including GCO.

62. BAH called for information systems in the field and headquarters to be upgraded, in collaboration with IRM, to facilitate field data submission, headquarters financial closures, etc. Follow-up actions to date have included ongoing efforts to strengthen global connectivity to support organizational information management needs, the ongoing development of PROMS, and interim modifications made to the global field support services system to facilitate reconciliation of accounts issued to field offices in December 1995.

The supply function

63. Although the supply study recommendations are not due until the end of May 1996, initial proposals include the decentralization of decision-making and accountability for supply issues to field offices, the need for enhanced capacities and expertise at the field-office level for materials management, and increased access by field offices to information on global purchasing options and value for money. It is proposed that the Supply Division at Copenhagen strengthen its role as a knowledge centre, with expertise provided to field offices on specification development, manufacturing, costing, standards and quality assurance. These initial proposals reinforce recommendations made by the BAH study which called for the Supply Division at Copenhagen to be integrated more effectively into the field operations of UNICEF rather than "spinning it off" as an outside, self-financing quasi-commercial operation. BAH also recommended that UNICEF invest in systems analysis and re-engineering to improve productivity, delivery time and cost-effectiveness.

Information technology

64. The information technology strategy study, which was completed in February 1996, made recommendations in three areas: information as a potentially strategic product for UNICEF which needs to be managed; global data connectivity as being highly strategic for UNICEF and the need for it to be strengthened; and the need for the information technology function to be transformed to play a more strategic role.

65. The study identified UNICEF-generated information as a key product for UNICEF. Increased strategic management of information would entail identifying key information to support the UNICEF Mission, targeting audiences for different informational products, improved means of distribution and access, and improved accuracy and consistency. The recently issued report of the Secretary-General on "Information for decision-making" (E/CN.17/1996/18) mentions the need for United Nations agencies to better manage the provision of data to decision makers through the identification of relevant information, standardized data access and coordination with others in the United Nations system.

66. The study recommended the establishment of an information management function, distinct but linked to the information technology function. The new Office of Strategic Planning, Policy Analysis and Evaluation will include a function for knowledge management by identifying key information needed in support of fulfilling UNICEF objectives. The requirements for information management and the approach to be taken involving information technology support need to be formulated. Meanwhile, an interdivisional Electronic Information Committee is coordinating the construction of a repository of key information on the Internet. A more comprehensive strategy for information management will emerge from these activities by the end of 1996.

67. The study found that the present reliance on pouch, phone and facsimile transmission for the delivery of information is time-consuming and difficult, especially in view of the globally dispersed presence of UNICEF. The study recommended that UNICEF should upgrade the data communication network and strengthen the availability of equipment and software within offices to take better advantage of existing information technologies. These measures are needed to support the new field office computerized PROMS to more effectively monitor programmes and manage financial and other resources worldwide. The financial system study, presently under way, also has identified the need for improved global communications to improve the timeliness and accuracy of UNICEF financial accounts. Improved global connectivity is necessary to achieve the benefits of managing information as a product mentioned above, including improved advocacy and fund-raising.

68. In line with those recommendations, UNICEF is collaborating with the United Nations Development Programme (UNDP) and the United Nations Population Fund on a request to commercial companies for proposals for providing global data networking to be issued by the end of May and evaluated by September 1996. UNICEF is participating in a United Nations inter-agency forum, led by the United Nations Secretariat, which is exploring shared satellite connections in certain commonly needed locations; some pilot implementation of this scheme is expected to be proposed by mid-1996. UNICEF proposes to retain an external consultancy by mid-year, already provided for in the MEP, to evaluate the various options for global connectivity and recommend strategies.

69. A survey is presently under way on the present status of the office information technology infrastructure, including equipment, software and technical staff. This appraisal is needed to prepare for the implementation of PROMS as well as to contribute towards an improved global communication network.

70. In relation to the information technology function, BAH called upon UNICEF to generate strategic guidelines for information resources management and to conduct a comprehensive review of the IRM mission and business processes. BAH also recommended that UNICEF assess returns on investments, i.e., determine what is it worth for UNICEF to have "capability X?". In this regard, the information technology study found that the present information technology function has more work than it can currently perform to the expectations of users. Priorities are unclear, deliverables are delayed, and the IRM function is generally in reactive mode, with the consequence that information technology is not leveraged strategically and users are not realizing its potential benefits.

71. The study recommended a "governance" process to select and prioritize information technology projects and services within constrained resources. The Executive Director decided that the immediate follow-up from the information technology strategy study would be to assess and prioritize all existing projects and services of the IRM Office so as to focus the limited resources. This exercise is expected to be completed by the end of May. The experience gained will be used to formulate a governance process to screen all new information technology initiatives, not just for the IRM Office, but for other UNICEF offices as well.

72. The information technology study recommended that UNICEF establish a process and capacity to continuously update the information technology strategy, especially in relation to the overall UNICEF strategic plan and plans of all other functional areas requiring information technology support. Based on the time-frame of ongoing management excellence activities and the supply and financial systems studies, the updating of the information technology strategy should be timed for the second half of 1996.

73. The information technology study also recommended the formulation of a project management process to oversee all information technology projects and to coach project leaders in project management. While it is recognized that information technology project management needs improvement, it is unclear whether a separate function per se is needed for this purpose.

74. The information technology study recommended a separate function within the information technology organizational structure to ensure standards and quality of work, guided by a quality assurance function for the whole of UNICEF.

75. Cap Gemini recommended that IRM implement business process changes to improve service levels. IRM has now formulated an improvement plan for responding to problems encountered by UNICEF staff in their use of computer facilities and is implementing it incrementally within available resources.

76. In order to support the above recommendations on strategy, the information technology study recommends a revised organizational structure twinning the central information technology and information management functions under one combined leadership to recognize its strategic importance. In addition to the information management function, the following new functions are recommended:

strategy formulation; research and development; quality assurance; project management; governance support; and supplier management. These recommendations need further review. Detailed job descriptions must be drawn up and the reorganization proposed in terms of an updated budget submission. Existing staff skills must be assessed against the new requirements and gaps filled through training, transfer or recruitment. This exercise is expected to take place in the second half of 1996.

77. Requests for proposals to secure consultancy services for the two studies on data centre disaster recovery and wide-area networks will be issued by the end of June 1996 and should begin in the August-September period, with completion scheduled before the end of the year. The timing of the wide-area network study has been designed to permit the evaluation of initiatives currently being carried out jointly with the United Nations and UNDP in this area.

Greeting cards and product sales

78. The market study on card and product sales is due to begin in June 1996. The request for proposals was sent out in April and the deadline for receiving sealed bids was 12 May 1996. The results of the study will be the basis for formulating a business plan to maximize income from the sale of cards and products and recommending marketing strategies, structures and processes to improve business practices. This study is a follow-up to the BAH recommendation that UNICEF dedicate efforts to the turn-around of the greeting card business and consider opportunities to expand product offerings substantially to include items such as novelty items, toys, etc., with the aid of marketing and retail experts.

D. Human resources

79. The importance of establishing a new framework and direction for the human resources function in UNICEF was fully recognized by the BAH study whose recommendations have provided important guidance for the work of the two human resources teams working within MEP. The methodologies used by the teams have emphasized consultation with and the participation of a broad range of staff, both from the field and headquarters.

80. Growing recognition of the strategic significance of the human resources function has led, for the first time, to the inclusion of a special chapter in the medium-term plan on human resources. The Division of Human Resources is actively involved in readying itself for its new strategic function, beginning with the definition of a new "internal consultant" role for itself within UNICEF. The division sees its future role in the development of policies and procedures, the setting of standards for human resources management, the provision of high-quality services to UNICEF staff and advocacy for change within the United Nations system. In this process of transformation, the division is seeking ideas on "best practices" from other agencies and Governments which are undergoing change and restructuring.

81. The Human Resources Strategy team has designed an overall strategic framework based on the concept that the management of human resources is a shared responsibility which must be carried throughout the organization. The strategy identifies the characteristics of the UNICEF "Office 2000", where the

UNICEF Mission is carried out by teams of people working with a common purpose and in a fully participatory way. UNICEF managers will be equipped with the skills to provide leadership and create an open and equitable climate for all the staff in their offices, with dialogue and readiness to learn from each other as key characteristics.

82. The process of developing the strategy is itself innovative, based on a broad and continuing consultative process. A meeting in Tunisia in March 1996, which brought the members of the two Human Resources Strategy teams together with participants from about 30 offices around the world, provided an important opportunity to discuss and debate the work of both teams. A growing number of offices are becoming involved in testing the strategic directions identified by the teams to ensure that they are viable in the widely varying day-to-day circumstances of different offices. Feedback from these offices will influence the next stages of strategy development, and some of their early experience is already being communicated to all UNICEF offices to encourage them to join in the experimentation and strategy development process.

83. The BAH study identified a number of specific areas of concern which are addressed by the proposals of the Staff Deployment team. These include: (a) the delinking of post grade from personal grade to allow the recognition of merit and greater flexibility in staff deployment; (b) improvements in the Performance Evaluation and Review process, including a strong emphasis on open dialogue between supervisor and supervisee; (c) the introduction of new types of appraisal, including periodic assessments of potential and 360 degree assessment; (d) new approaches to address the problem of non-performing staff through the appraisal process and through separation schemes; and (e) the enforcement of rotation of international staff and the introduction of a form of rotation for locally-recruited staff.

84. Another major area of concern in the human resources area for BAH was the frequent changes made in office structures, accompanied by post creations, abolitions and reclassifications, resulting in considerable disruption and inequities to staff. Some of these concerns are already being addressed through the new integrated budgeting process and the proposed strengthening of the country programme management plan preparation procedures.

85. Concerns about delays and inconsistencies in entitlements processing are being addressed through an ongoing programme of work process redesign within the Division of Human Resources. The handling of medical claims, education grants and separation procedures already has been speeded up, and the recruitment and placement process has been accelerated. Issuance of the revised Personnel Administration Manual will ensure that all offices have easy access to up-to-date information on human resources processes and rules. The human resources elements of PROMS also will provide guidance to field staff on correct procedures.

86. BAH raised a number of questions about staff training, especially the importance of training for senior managers. A full management development programme has now been prepared which will progressively cover all senior managers, starting at the most senior level. Special emphasis is being placed on "people skills" as a key component of leadership. An exercise to identify the competencies required for the different functions of UNICEF has begun which will provide the basis for the specification of training needs and for performance appraisal.

IV. NEXT STEPS

87. Due to the work of project teams whose recommendations have now been converged into one set of proposals for the most effective structure and management direction for the UNICEF of the future, the Steering Committee was able to identify areas of consensus for consultation with the Executive Board, National Committees and staff.

A. Consultation

88. The Executive Director is giving high priority to ensure the continued involvement of the Executive Board, National Committees and UNICEF staff in the management excellence process.

89. Guidance is being sought from the Executive Board on proposals and future directions through regular sessions of the Executive Board and continued use of inter-sessional meetings. The inter-sessional meeting on 29 May 1996 will be a consultation with Board members on proposals for relations with National Committees, information technology, an update on PROMS and the outcome of the recent Steering Committee meeting. Additional inter-sessional meetings are presently scheduled for 24 July and early November. In order to create opportunities for substantive discussion with Board members on the agreements reached by the Steering Committee, the Executive Director is arranging individual briefings of Board members prior to the June 1996 annual session.

90. National Committees will be consulted on final recommendations regarding strategies for the most effective relationship with UNICEF at the National Committees Annual Meeting the week of 20 May 1996 in Geneva.

91. Regional directors, together with the staff advisory councils, have been requested to consult with UNICEF staff members on consensus reached by the Steering Committee and proposals emerging from the management excellence process related to structure.

B. Developing a plan for change management

92. The secretariat is now ready to "mainstream" management excellence activities by transferring the emphasis and much of the responsibility for transforming work in major functional areas to line managers and staff, guided by the UNICEF Mission Statement, the Guiding Principles for Commitments and Conduct, and the agreements reached on principles and directions at the recent Steering Committee meeting.

93. Plans are being made for the creation of the Global Management Team at the next meeting of the Management Excellence Steering Committee following the annual Executive Board session in June. The Global Management Team would then assume responsibility for guiding and consolidating management excellence in UNICEF. The Management Task Force is preparing the framework for a 12-month work plan for change management which will be further developed by the Global Management Team at the June meeting, including agreement from line managers on responsibilities for moving forward.

94. Regional directors have been requested to establish management teams in their respective regions and, as a first step, to determine the implications of consensus reached to date on proposals related to structure, and to make

recommendations on how to move forward for discussion at the June meeting. It is expected that RMTs also will become advocates for management excellence in the regions and ensure staff participation and consultation in the process.

C. Timetable for Executive Board decisions on management excellence recommendations

95. As requested at the April 1996 session of the Executive Board, the secretariat has prepared a timetable indicating when management excellence recommendations would be brought to the Board for information, policy and budgetary decisions (see the annex).

Annex

TIMETABLE FOR MANAGEMENT EXCELLENCE RECOMMENDATIONS

MEP recommendations	Third regular Executive Board session - 1996	First regular Executive Board session - 1997	Second regular and annual Executive Board sessions - 1997	Third regular Executive Board session - 1997
Roles and accountabilities for country, regional and headquarters offices	policy decisions	budgetary recommendations	progress report	1998-1999 biennial budget proposal
Reorganization of New York departments				
Communications	progress report	budgetary recommendations	policy decisions in response to decision 1996/15	1998-1999 biennial budget proposal
Governmental and intergovernmental relations	progress report and policy decisions	budgetary recommendations	progress report	1998-1999 biennial budget proposal
Creating a capacity for quality assurance		budgetary recommendations	progress report	1998-1999 biennial budget proposal
Support for change management		budgetary recommendations	progress report	1998-1999 biennial budget proposal
Relations with National Committees	policy decisions	budgetary recommendations	progress report	1998-1999 biennial budget proposal

MEP recommendations	Third regular Executive Board session - 1996	First regular Executive Board session - 1997	Second regular and annual Executive Board sessions - 1997	Third regular Executive Board session - 1997
Organizational systems				
Information technology systems *	policy decisions	budgetary recommendations	progress report	1998-1999 biennial budget proposal
Financial management systems *				
Supply systems *				
Programme Manager System				
Non-governmental funding *	progress report	policy decisions	budgetary recommendations	additional budgetary recommendations if required
Human resources strategy	progress report	progress report	progress report	1998-1999 biennial budget proposal

* Timing subject to conclusion and analysis of external consultancies.